

## Values, social inclusion and development. Looking at Nepalese tea cooperatives through the lens of moral economy

Miriam Wenner

Keywords: Moral economy, development geography, conflict, livelihoods

### Introduction

Development initiatives such as the 2030 Agenda for Sustainable Development stress the importance of social inclusion and cohesion as one basis for sustainable livelihoods and peace (UNDESA 2020). Cooperatives are assumed to have the potential to contribute to various Sustainable Development Goals, i.e. to end poverty, hunger, achieve gender equality and to promote sustained, inclusive and sustainable economic growth, besides others (ibid.). By definition, cooperatives are “people-centered enterprises owned, controlled and run by and for their members to realize their common economic, social, and cultural needs and aspirations” (International Co-operative Alliance 2016). One important element of cooperatives are moral values such as “self-help, self-responsibility, democracy, equality, equity, and solidarity” besides “honesty, openness, social responsibility and caring for others” (ibid.). This description suggests that shared moral values are the glue that sticks together diverse people in this voluntary enterprise. This explicit value-based character of cooperatives, along with their assumed potential for inclusive development, provides an opportunity to shed light on the role of moral values in developmental processes. While this is a very broad field for inquiry, this paper aims to better understand what role cooperative members ascribe to moral values for the functioning of their cooperatives and in how far such values informed their decision to join, to stay in, or to leave their cooperatives. By explicitly researching moral values as one basis for such decisions, this paper also attempts to better understand the rationalities of people’s livelihood practices beyond simplistic logics of benefit maximization (see Kaiser & Rothfuß 2013). Conceptually, this paper uses a “moral economy” approach which stresses the interrelatedness of social and economic domains (Friberg & Götz 2015). Drawing on an explorative case study of Nepalese tea cooperatives, the paper proposes an understanding of cooperatives as multifaceted spaces where norms and values concur, intersect and/or clash to create new rationalities for social inclusion and exclusion.

### Moral economy in a nutshell

Moral economy is an ambivalent term that is used in a variety of contexts and with different meanings (for a discussion see Götz 2015). Its origin stems from the

work of social scientists who contested the (perceived) division between moral values and a rational economy that followed the emergence of a liberal market economy and the associated “externalization of moral issues in economic models” (Friberg & Götz 2015: 144). Thompson (1971) and Scott (1976), for instance, analyzed how clashes between established ethical systems (such as the social contract or the right to subsist) and the modern market economy were linked to social riots and collective action. Following Götz (2015: 147), these early analyses also offered an “antithesis to the ‘rational choice’ imperatives that conflate rationality and utility maximization in a crude material sense”. Yet, while many authors use “moral economy” in a dualist way in form of a distinction to what could be termed an “immoral economy” (i.e. capitalism), Palomera & Vetta (2016) suggest to always think values and economy together, since “any economy is suffused with the norms of the community of which is it a part” (ibid.: 7). For them, a moral economy approach has the potential to understand how ambiguous logics and incommensurable values intersect to create different value regimes (i.e. capitalism) or put simple: how different values are linked to patterns of accumulation and inequality.

Unlike Thomson or Scott, I am not interested in clashes between ‘modern’ and ‘traditional’ forms of exchange. Rather, I use moral economy as a lens to research the relationships between actors’ moral values and their economic practices. The economy is thereby understood as both informed by and interwoven with social norms and values. More precisely, this paper asks: In how far do moral values inform ideal imaginations of a just and fair society, and in how far do persons draw on moral values to explain their economic conduct (i.e. the participation in cooperatives) and to justify the inclusion or exclusion of others? I refer to moral values here to describe a person’s imagination of good or bad and right or wrong behaviour or interpersonal relations.

### Tea cooperatives in Eastern Nepal

To research the functioning of cooperatives, this paper draws on an explorative case study from rural Nepal. Here, the cooperative movement is explicitly supported by the government and international donors. For instance, in its 2015 constitution, the government has recognized cooperatives as one of

the three pillars of the national economy. In 2019, there were over 34,500 active cooperatives, with a membership of 6.3 million (or around one third of the Nepalese population) (UNDP 2020). While there are cooperatives in a variety of sectors (including credit/savings, health, education), this study focuses on agricultural cooperatives, more specifically on tea cooperatives.

Black tea is amongst the top-11 export products from Nepal (International Trade Center 2020). Its production increased eight-fold between 1998 and 2016 (National Tea and Coffee Development Board 2020). This trend is also spurred by small-farmers who in 2017 produced 41% of all tea (the rest stems from plantations) (ibid.). Data show that these small-tea-growers increasingly organize themselves in cooperatives which raises the question of why they consider this form of organization useful (see Fig. 1). This trend is nicely illustrated by Ilam district in Eastern Nepal (Map 1), where, in 2015, about 2,870 (of 7,000) tea farmers were organized in 38 cooperatives (Central Tea Co-operative Federation Ltd. Nepal 2020). The growing importance of cooperatives in Ilam makes it a suitable place to study farmers' motivations for choosing this form of organization and to shed light on the role of moral values for their functioning.

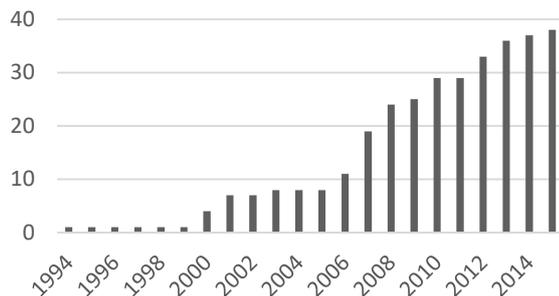
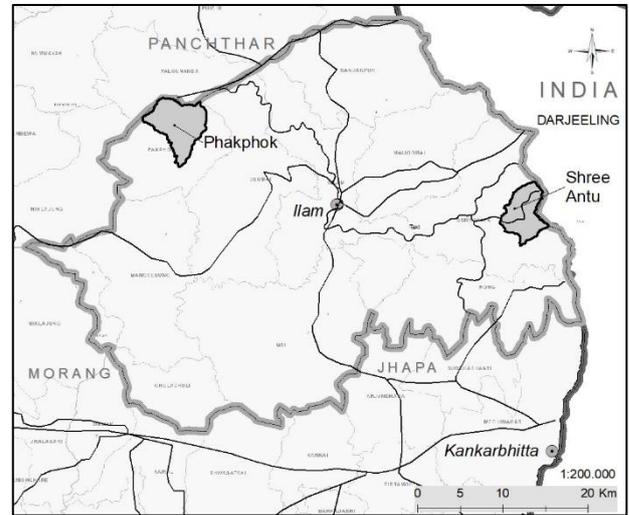


Fig. 9: Cumulative number of registered tea cooperatives in Ilam (Central Tea Co-operative Federation Ltd. Nepal 2020)

### The role of moral values in cooperatives

To study the role of moral values in cooperatives and farmers' motivations to join (or leave) them, my research assistant and I visited three different tea cooperatives in Ilam district, two of which are included in this study. The first, the *Tinjure Tea Producer Cooperative Society*, was established in 1995. In 2017, it had 185 members from three different Village Development Committees (including Phakphok, see map 1). In 2016 and 2017, we conducted seven semi-structured interviews with cooperative members, ex-members, and the president, in addition to informal talks with farmers. The second cooperative, the *Sri Antu Organic Tea Producer Cooperative Society*, was established in 2016 and had only 25 members at the time of visit in 2017. Here, we conducted two semi-structured interviews with two groups of members and one with the

president/founder of the cooperative. While interviews at both sites included questions on the practical functioning of the cooperatives and farmers' incentives for joining (or leaving) the group, the first case study required more careful inquiries into conflicts that will be described below.



Map 1: Ilam district and study area (cartography: Bea Bardusch) (Esri 2018, HDX 2018, OpenStreetMap)

### Cooperatives as spaces of possibility and change

In both cooperatives, farmers saw their membership as a means to increase their financial income (e.g. through access to credit) and to reduce risks associated with investing in higher-value activities. This view was also informed by the assumed anti-individualist character of cooperatives, as one member in *Sri Antu* explained. For him, cooperative work basically meant to accomplish aims by "working together" (Interview, 31.1.2017). Further, farmers in both cooperatives aspired to reduce the influence of brokers selling their green leaves (unprocessed tea) to private factories by building their own tea factories. Especially farmers in *Tinjure* (who opened their own tea factory in 2014) wanted to export their high-quality produce to the European Union or other Western markets (what they accomplished in 2017 with the support of a Netherlands-based NGO). In this way, the cooperatives were also informed by imaginations of a fairer economic system where rewards remain with producers (i.e. higher prices, upgrading in the value chain). In this way, cooperatives were regarded as an instrument to change unequal and exploitative relations that favoured brokers and private tea factories. The assumption that joining a cooperative could improve one's livelihood was strongly informed by the valuation of community strength and cooperation.

### Cooperatives as spaces of conformity

The role of morality in cooperatives became also visible in statements that described them as spaces of shared values. The president of the *Sri Antu* cooperative, for instance, underscored the importance of trust amongst the members (interview,

31.1.2017). This is flanked by the perception that the cooperative was a joint (and not an individualistic) enterprise: “More than saying ‘this is my cooperative’ we say ‘this is ours’”, as one member stated (interview, 1.2.2017). Other values mentioned were discipline, equality, democracy, respect, unity and honesty. This emphasis on shared values also seemed to inform the selection of the founding members. For instance, in *Sri Antu*, only those persons were considered as viable founding members whom the initiators regarded as financially strong enough and conform with these values: “We selected members based on whether they agree to the same aim...education, financial strength, and those who want the development and progress of the society” (interview, member, 1.2.2017). Those who were suspected to misuse the cooperative for personal gains (“saying ‘this is mine’”, *ibid.*) were not invited. In both cooperatives, members also distinguished persons “who understood” from those “who do not understand”. This indicates that social distinctions are being made based on the (perceived) knowledge and education of others by those who see themselves as speaking from a moral high ground. As the case of *Tinjure* indicates, such moral distinctions can also be an element of conflict within a cooperative.

#### *Discontents and disappointments*

While for the Ilam tea industry, *Tinjure* is a flagship of successful high-quality produce for the international market, in interviews, several (former) cooperative members expressed their anger and disappointment with the way the cooperative was governed. The main conflict (besides others) concerned the tea factory. Besides pointing at the too low capacity to process the green leave of all the members, they criticized that the factory was built in a place that not all members could reach easily and that factory shares were distributed unevenly to the members. Further, they criticized the management for a lack of transparency and their alleged individualistic behaviour. A former member of the managing committee hinted at the exclusion of members and lack of democracy within the cooperative since the manager wielded too much power and kept his knowledge to himself (interview, 26.1.2017).

In sum, we read their critique as an expression of their perception that their contribution and trust had been misused for the benefit of a few. Certainly, with the risky investment into the tea factory and the international market opening up for the cooperative, there was more at stake to win or lose. In turn, members of the management alleged that when the factory was built, two cooperative members wanted to spoil the whole project and disrupt the functioning of the cooperative for their private gain. These members were then expelled and since, “the cooperative became even stronger” (interview, 24.1.2017). Although we could not fully grasp the

whole story behind the conflict, it became clear that all respondents mobilized moral values (honesty, unity, anti-individualism, democracy) to establish their own point of view and to justify their actions. For those who left the cooperative, it had turned from a space of opportunity into an anti-social space of exclusion and individualism which contradicted their aspirations for inclusion, respect, and participation. For those who still governed it, their resignation increased the conformity amongst the remaining members.

#### **Recognising values in Development Geography**

This paper aimed to shed light on the role of moral values in people’s economic conduct. By doing so, it scrutinized the assumption that cooperatives are important instruments to foster social cohesion and inclusive development. Concurring with one important assumption of moral economy approaches, this explorative research indeed underscored the importance of shared moral values as the ‘glue’ that holds diverse persons together (beyond simplistic motivations of financial benefit maximization). However, the case study also indicated how the same moral values can be mobilized to justify the exclusion of those persons who are labelled to be less “understanding”, or of those who disagree with the agendas set by those in power. Thus, while in an idealized way, cooperatives appear to be guided by a set of moral values that foster social cohesion and peace, perceived violations of these values lead to disappointments, frustration, and conflict. Such contradictions could also stem from possible overlaps of cooperatives with other value domains (such as family, market, subsistence) what would render them multifarious spaces, where aims, values, and interests overlap and possibly clash.

While findings of this research should be considered preliminary and longer stays in cooperatives are required to get a fuller picture of their functioning, the project nevertheless suggests the usefulness of moral economy to shed light on the role of values in broader processes of development. This could also be one interesting – and so-far less studied field – in development geography, be it, to complement livelihood analyses (see Kaiser & Rothfuß 2013), to better understand people’s rationalities for actions, to inquire about different persons’ or organizations’ idealist imaginations of a desirable society and/or economy, or to shed light on the definition of what “value/s” (more generally) mean(s) in a society.

A further field of study could be a focus on different scales of moral economies and their intersections, for instance in form of an evaluation of how universalist, value-based initiatives (e.g. fair trade, donor-led developmental policies) intersect or clash with local moral economies, and to research which new rationalities for action emerge from these encounters.

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**Contact**

Miriam Wenner (Dr)  
Abteilung Humangeographie,  
Georg-August-Universität Göttingen  
Goldschmidtstraße 5, 37077 Göttingen  
[Miriam.wenner@uni-goettingen.de](mailto:Miriam.wenner@uni-goettingen.de)